

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 3/10/2015	(3) CONTACT/PHONE Emily Jackson, Principal Administrative Analyst 781-5011	
(4) SUBJECT Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 78 to the City of San Luis Obispo (Farmhouse Lane). District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 78 to the City of San Luis Obispo (Farmhouse Lane).			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT { x } Consent { } Presentation { } Hearing (Time Est. ____) { } Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS { x } Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required { x } N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { x } N/A Date: <u>1/13/2015</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Guy Savage			
(18) SUPERVISOR DISTRICT(S) District 3			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Emily Jackson, Principal Administrative Analyst

DATE: 3/10/2015

SUBJECT: Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 78 to the City of San Luis Obispo (Farmhouse Lane). District 3.

RECOMMENDATION

It is recommended that the Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 78 to the City of San Luis Obispo (Farmhouse Lane).

DISCUSSION

This request relates to the annexation of 0.74 acres of property zoned commercial service to the City of San Luis Obispo. The property is located on Farmhouse Lane and Highway 227, across the highway from the San Luis Obispo County Airport at the south end of the City of San Luis Obispo. The purpose of the annexation of this land into the City limits of San Luis Obispo is to adjust the city parcel to better accommodate site access and move the City/County boundary to the new lot line boundary.

Jurisdictional changes such as this can change service area responsibilities and/or impact operating expenses and revenues. The law requires affected jurisdictions (in this case, the County and the City of San Luis Obispo) to negotiate an exchange of property tax revenue prior to the Local Agency Formation Commission's (LAFCO) approval of the proposed change. This resolution is being presented for the adoption within the 60-day time frame which commenced on January 13, 2015. The County Administrative Office and the City of San Luis Obispo negotiated on behalf of their respective agencies.

The negotiated agreement before the Board today is consistent with the County's standard tax exchange agreement as established by resolution 93-158 on April 23, 1996. The standard agreement was developed based on an extensive study of the impacts that development within the boundaries of cities has on the County. The agreement is based on the following two principles: (1) that the County should not profit from annexations, nor should annexations result in a net fiscal loss to the County; and (2) that tax exchange practices should not undermine good land use planning by discouraging cities from pursuing logical and appropriate annexations.

OTHER AGENCY INVOLVEMENT/IMPACT

LAFCO has the authority to oversee the annexation of property. The property is proposed to be annexed into the City of San Luis Obispo therefore, as one of the affected agencies; the City of San Luis Obispo has participated in the tax exchange negotiations. The City of San Luis Obispo is expected to approve the negotiated exchange of property tax revenue at its March 31st meeting. The Auditor's office provided the financial analysis.

FINANCIAL CONSIDERATIONS

Per the standard tax exchange agreement established by Resolution 96-158 on April 23, 1996, the County will continue to receive all base property taxes and all future property tax increment. This financial agreement is contingent upon approval of the annexation by LAFCO.

RESULTS

The fair and equitable exchange of property tax revenue as a result of annexations of property.

ATTACHMENTS

1. Map
 2. Resolution
- c- Michael Codron, City of San Luis Obispo
Doug Davidson, City of San Luis Obispo
Barbara Godwin, Auditor-Controller's Office
David Church, LAFCO